



CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION

CAL SEIA PV MEMBERSHIP POLL RESULTS

Conducted May 11 – 12, 2006

Background:

On May 12, CAL SEIA sent a message to a number of our member companies who are involved in the PV retailing business, soliciting information on their business activities as they relate to the Emerging Renewables Program and the Self Generation Incentive Program. The following is a compilation of the questions asked in this survey, along with a tabulation of the responses received.

It should be noted that the respondents were advised that the information they provided would remain anonymous, and CAL SEIA intends to strictly honor that understanding. Accordingly, the raw data which underlies the figures in this document will remain confidential. Nevertheless, we believe that the data and opinions provided herein accurately reflect the views and business status of PV retailers today.

I have made every effort to ensure that the response summary below is accurate, however this document should not be viewed as statistically correct, but rather as an indicator of the general costs, prices, practices and views of the PV industry from a retailer's perspective.

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Important Note: All of the following prices are given in CEC AC Watts.

1. What is the average residential cost/Watt that you are PAYING for:

A) Modules

Median: \$4.50/CEC AC Watt

Average: \$4.57/CEC AC Watt

B) Inverters

Median: \$0.63

Average: \$0.68

C) Balance of system (racking, conduit, wire, disconnects, etc.)

Median: \$0.89

Average: \$0.91

D) Field labor

Median: \$0.88

Average: \$0.88

E) Direct office labor (Project management, engineering, permits, etc. - not general overhead)

Median: \$0.36

Average: \$0.43

2. What is the average competitive price/W you feel that you can SELL the following systems for:

A) A 4 KW residential PV installation, flush to the roof, comp. shingle, no complications

Median: \$9.75

Average \$9.82

B) A 30 KW commercial PV installation, low racking on a flat roof, no complications

Median: \$8.85

Average: \$8.90

C) A 200 KW municipal (prevailing wage) PV installation, low racking on a flat roof, no complications

Median: \$9.00

Average: \$8.90

3. On average, how much, if any, could you reduce your prices in the above three categories and still be willing and financially capable of selling these systems?

Most respondents indicated little if any ability to reduce prices, primarily because of module costs. Three respondents indicated an ability to reduce prices in the \$0.10 to \$0.25/W range.

4. If the rebate were to drop to \$1.50/W for commercial and \$2.25/W for residential on 1/1/07, what would be your likely course of action?

The responses to this question follow the options given below.

A) Continue to try to sell systems, lower your prices as much as necessary

- B) Continue to try to sell systems, keep your prices about where they are
- C) Cut back on the size of your business and sell what you can
- D) Abandon selling PV
- E) Move to another state and stay in the PV business
- F) Other?

Extreme cherry picking of jobs(must be close, easy and someone I want to work with)

B and probably C: Continue to try to sell systems, keep your prices about where they are & probably cut back on the size of your business and sell what you can "C" is the only option in order to keep from going bankrupt, although we would also do "E"

Answer B and C

Answer E) Move to another state and stay in the PV business

Reduce prices as much as possible - add energy efficiency - going to \$1.50/W will increase commercial payback from ~ 5years to almost 8 yrs and reduce IRR from 13% to 8% - unacceptable for many commercial customers

C or D

Possibly D

5. What average payback period (or range of payback periods) do you feel it takes to convince a customer to make a PV purchase? Although many do not agree with payback as a proper measure of the financial viability of a PV system, for consistency please try to equate your measure to the payback period metric; however, if you cannot, please provide a different measure of the financial incentive that your customer looks at (ROI, cost/kWh, etc.)

A) Residential

Responses:

10 years or less

8 - 9 years

8

10 years and 10% roi

10 - 12 years

10 - 12 yrs

12 yrs

13 yrs

10 to 12 yrs

B) Commercial

Responses: | 6 - 7 years
5
3 to 5 years and 20% plus roi
4 - 8 years
5 - 7 yrs
7 yrs
6 yrs
8 to 10 yrs

C) Municipal/non-taxable

Reponses: (A number of respondents indicated that they are not involved in this market segment)

Don't know, don't think it matters since they use other criteria (and it's not really their money)

15 years

15 years

They don't think payback. Instead they need 100% financing with saving exceeding debt service

15 yrs

6. What would be the estimated increase or decrease in sales (by percentage) for the above three categories if the above payback time increased or decreased by:

Note: Most respondents answered this question in the form of a reduction in sales, so the percentages below reflect sales reduction estimates.

2 years?

Median Sales Reduction Estimate: 23%

Average Sales Reduction Estimate: 29%

4 years?

Median Sales Reduction Estimate: 43%

Average Sales Reduction Estimate: 48%

6 years?

Median Sales Reduction Estimate: 73%

Average Sales Reduction Estimate: 73%

7. If the rebate level were at \$2.80/W, with the possibility of dropping \$.10 or \$.20 every 6 months, and module costs begin to drop in the next year, do you feel that you could grow your business over the next 5 years? If so, by what percentage per year?

Median Expected Growth: 30%

Average Expected Growth: 33%

8. What is the size of your business now, in number of field employees, total employees, annual revenues, and annual KW installed?

Of the nine companies that responded to this question, the following statistics were gathered:

96 Field Employees

236 Total Employees (Note: Some responders have non-PV related departments)

Total Revenues from PV Sales: \$55.18 million

Total Annual Capacity Installed: 7.66 MW